

EAST RENFREWSHIRE COUNCILCABINET1 December 2016Report by Director of EnvironmentSCOTTISH GOVERNMENT CAPITAL ACCELERATION PROGRAMME 2016/17**PURPOSE OF REPORT**

1. This report asks the Cabinet to:
 - note that the Housing Service has successfully bid for up to £318,000 grant funding from the Scottish Government's Capital Acceleration Programme to be used to fit up to 106 new central heating installations
 - acknowledge that the exceptionally tight timescales attached to this funding justify (in accordance with Standing Order 15 (ii) – exemption by reason of special circumstances) an exemption from competitive tendering of the works
 - allow officers to issue tender documentation to and, subject to best value being achieved, award the contract to a single supplier, Mitie Facilities Management Ltd, who are currently supplying similar work to the Council under another contract.

RECOMMENDATIONS

2. The Cabinet is asked to note:
 - (a) the successful application to the Scottish Government's Capital Acceleration Programme which will give the Council access to up to £318,000 funding to provide up to 106 new central heating installations in Council housing; and
 - (b) that in these exceptional circumstances, to approve the direct award of a works contract to Mitie Facilities Management Ltd, in respect of the supply and installation of central heating to up to 106 dwellings.

BACKGROUND

3. In September 2016 the Scottish Government (SG) invited East Renfrewshire Council to submit, by 7 October, a bid of up to £500,000 in respect of local authority housing stock or registered social landlord stock to support the delivery of the Energy Efficiency Standard for Social Housing (ESSH) through energy efficiency improvements to properties including insulation or heating.

4. On 9 November the Council received a formal offer of £318,000 grant from the Scottish Government for 106 central heating installations. However, it is a condition of grant that a claim for the grant can only be made once all works are complete and invoiced, and that all claims must be submitted by 31 March 2017. Any works not complete, invoiced and claimed by that date will have to be self-funded by the Council.

REPORT

5. The extremely tight timetable for grant application and award through the Scottish Government is such that there remains insufficient time to complete the normal procurement procedure's timescales in respect of:

- uploading tender documentation to the Public Contracts Scotland portal for open tender
- assessing all returns for quality and price in accordance with procurement requirements

6. Existing procurement procedures would take too long to achieve a point at which the actual central heating installations would be installed, resulting in, at best, the ability to only claim around half the grant amount.

7. The only viable way to ensure that grant uptake can be maximised within the timescale required is to directly award the contract to a single supplier without going through the competitive process.

8. This report therefore seeks Cabinet acknowledgement of the extra-ordinary circumstances surrounding this opportunity to renew central heating in up to 106 homes at minimal cost to the Council and permission to procure it through direct award to a contractor who is already executing similar work for the Council.

9. Standing Orders require that the Cabinet ratify the Exemption as the value is more than £200,000 (East Renfrewshire Council Standing Orders in relation to Contracts, paragraph 15 (ii)).

10. Property and Technical Services have held discussions with the contractor and are satisfied that he has the capacity to supply the number of squads required to achieve best possible grant take-up.

11. This is the first time in many years that the Scottish Government has offered grant to local authorities to carry out works to their own housing with no requirement for match funding. This grant will enable 106 households to have their central heating systems upgraded to the most energy efficient gas heating systems, which will save energy, reduce fuel bills, and contribute to the Council's energy efficiency and fuel poverty targets. This will contribute towards the Local Housing Strategy's Strategic Housing Outcome SHO4 - "Residents of East Renfrewshire live in warm, dry and energy efficient homes in safe and sustainable neighbourhoods".

12. This work had been planned for future years and would have been funded from HRA capital. Successfully claiming this grant will allow this future budget to be invested elsewhere in the Council stock.

FINANCE AND EFFICIENCY

13. Financially 106 central heating installations equate to approximately £318,000 including professional fees (the grant amount).

14. The cost of the installations should be covered by the grant.

15. Finance have been consulted and have confirmed that any additional funding not covered by the grant can be accommodated within current planned capital or revenue expenditure, as appropriate. As noted above, any grant monies received will release future HRA capital funds for investment in Council housing.

CONSULTATION

16. Finance, Legal and Procurement have been consulted and have indicated their support for both the grant uptake and acceleration procurement via direct award.

PARTNERSHIP WORKING

17. Not applicable.

IMPLICATIONS OF THE PROPOSALS

18. There are no legal, IT equalities or HR implications of this proposal. There are no European procurement issues.

CONCLUSIONS

19. Procuring a contractor in line with the normal procedures specifically for this work would mean that the earliest that work could commence would be the beginning of February 2017. Completion of 106 installations by the end of March could not be achieved in this scenario, and grant funding would be lost. Direct award of the work means that work can start, at latest, just after the New Year break, giving a crucial additional 3 to 4 weeks to install new systems.

20. The actions proposed are necessary to ensure that installations are completed and invoiced by 31 March 2017 in accordance with the requirements of the offer of up to £318,000 grant from the Scottish Government's Capital Acceleration Programme. As such this provides the Council with an opportunity to lever additional resource into the Housing Service.

RECOMMENDATIONS

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Director of Environment

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